

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
06-20665-HUCK/SIMONTON

CASE NO. _____

15 U.S.C. § 78j(b)
15 U.S.C. § 78ff(a)
17 C.F.R. § 240.10b-5
18 U.S.C. § 2

UNITED STATES OF AMERICA

v.

PETER LOMBARDI,

Defendant.

_____ /

INFORMATION

At all times material to this Information:

GENERAL ALLEGATIONS

1. Mutual Benefits Corp. ("MBC") was a business with principal offices in the Southern District of Florida, initially at 2881 E. Oakland Park Blvd., Suite 200, Fort Lauderdale, Florida 33306, and subsequently at 200 E. Broward Blvd., 10th Floor, Fort Lauderdale, Florida 33301.

2. MBC was in the business of selling viatical and life settlements to the general public.

3. A viatical settlement is a transaction in which a terminally ill person sells the death benefit of his or her life insurance policy to a third party in return for a lump-sum cash payment, which is a discounted percentage of the policy's face value.

4. A life settlement is a transaction which is identical to a viatical settlement, except the seller of the insurance death benefit is not terminal, but instead is usually a senior citizen.

5. Viatical and life settlements are illiquid investments that pay upon death of the insured individual. All premiums due prior to the death of the insured must be paid, in full and on a timely basis, to prevent additional costs or a lapse. If an insurance policy lapses for any reason, such as failure to properly pay premiums, the policy's death benefit and any investment dependent on that benefit may be lost.

6. In the sale and purchase of viatical and life settlements, the assessment of the insured's life expectancy determines: (i) the anticipated term of investment; (ii) the fixed return paid on that investment; and (iii) the amount of money held in escrow for payments of anticipated future premiums.

7. An investor in a viatical or life settlement only realizes a profit if, when the insured dies, the policy benefit is greater than the purchase price, adjusted for any post-purchase costs.

8. Participants in MBC's viatical and life settlement program were solicited to invest money into MBC's common enterprise upon the promise of profits. These profits were to be derived solely from MBC's purported ability to identify, acquire rights to, and collect valuable insurance policy death benefits. As a result, the viatical and life settlements sold by MBC are securities, which are subject to regulation by the U.S. Securities and Exchange Commission and the federal securities laws.

9. Defendant **PETER LOMBARDI** was a founding partner and sole shareholder of MBC. In his daily activities, **PETER LOMBARDI** supervised MBC's accounting department and falsely represented himself to be MBC's principal executive officer to the investing public.

COUNT 1
SECURITIES FRAUD
15 U.S.C. §§ 78j(b) and 78ff(a);
17 C.F.R. § 240.10b-5; and
18 U.S.C. § 2

1. Paragraphs 1 through 9 of the General Allegations section of this Information are realleged and incorporated herein by reference.

2. Between in or around October 1994, and continuing to on or about May 5, 2004, in the Southern District of Florida, and elsewhere, the defendant,

PETER LOMBARDI,

together with others, did knowingly, willfully, and unlawfully, directly and indirectly, by the use of means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, directly and indirectly, use and employ manipulative and deceptive devices and contrivances by: (a) employing a device, scheme, and artifice to defraud; (b) making and causing MBC, and its affiliated agents and entities, to make untrue statements of material facts, and omitting to state, and causing MBC, and its affiliated agents and entities, to omit to state, material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which would and did operate as a fraud and deceit upon others, in connection with the purchase and sale of securities, that is, the purchase of investment interests in MBC viatical and life settlements.

PURPOSE OF THE SCHEME AND ARTIFICE TO DEFRAUD

3. The purpose of the scheme and artifice to defraud was for the defendant and his accomplices to unjustly enrich themselves by misappropriating investor funds and by making materially false representations and by omitting to state material facts concerning, among other things, the accuracy and reliability of life expectancy determinations, the ability to continue payment of anticipated premium obligations, the identity of MBC's true management personnel, and the regulatory and criminal histories of certain MBC principals.

THE SCHEME AND ARTIFICE TO DEFRAUD

4. **PETER LOMBARDI**, his accomplices, and others, directly and indirectly, fraudulently offered and sold investment interests in MBC viatical and life settlements to the general public, raising more than \$1.3 billion from more than 30,000 investors worldwide. Their scheme and artifice to defraud ultimately resulted in investor losses of approximately \$956 million.

5. To perpetrate the scheme and artifice to defraud, **PETER LOMBARDI** was installed by his accomplices as the titular President of MBC, to conceal from investors and others that the true controlling principal of MBC was an individual who had been previously federally convicted of mail and wire fraud, as well as enjoined by a United States District Court from committing further violations of the anti-fraud provisions of the federal securities laws.

6. To further perpetrate the scheme and artifice to defraud, **PETER LOMBARDI**, his accomplices, and others solicited investors through an international network of sales agents and marketing directors, who reported directly or indirectly to **PETER LOMBARDI** and MBC's principals. **PETER LOMBARDI**, his accomplices, and others, also solicited investors

through an Internet website, investment seminars held around the nation, advertisements, and by telephone.

7. MBC's sales agents and marketing directors, acting under the supervision of **PETER LOMBARDI**, his accomplices, and others, falsely represented to investors that MBC had a strong track record of accurately predicting life expectancies.

8. MBC's sales agents and marketing directors, acting under the supervision of **PETER LOMBARDI**, his accomplices, and others, directly and indirectly, disseminated and caused others to disseminate, written sales materials and other documents to investors to solicit their funds. Investors received MBC's sales materials and documents by a commercial overnight courier service, the United States Postal Service, through an online web-site, and directly from MBC's sales agents and marketing directors.

9. To compensate for inadequate premium reserves, **PETER LOMBARDI**, his accomplices, and others pooled monies in various premium escrow accounts, and used premium monies obtained from recently sold viatical and life settlements to pay premium obligations on older policies that failed to mature within the represented life expectancy or were otherwise deficient.

10. To induce investors to invest money with MBC, **PETER LOMBARDI**, his accomplices, and others, provided, and caused others to provide, sales materials and other documents to investors, containing numerous materially false statements and omissions of material facts, and numerous materially false statements and they omitted to state, and caused others to omit to state, material facts to investors, including, among others, the following:

Materially False Statements

a. That the majority of the viatical and life settlements sold by MBC matured within the assigned life expectancy, when in reality approximately eighty percent (80%) of the viatical and life settlements sold by MBC failed to mature, and only approximately five percent (5%) matured within the assigned life expectancy;

b. That, for each policy, there were sufficient funds escrowed to pay the anticipated premium costs for the life expectancy of the insured, when in reality there were insufficient funds escrowed to pay these premium costs;

c. That MBC's viatical and life settlements were "safe" investments, offering a level of risk comparable to a certificate of deposit, when in reality, as a result of the conditions described above, investors were exposed to substantial risk;

Omissions of Material Fact

d. That an undisclosed individual, who had been previously federally convicted of mail and wire fraud, as well as enjoined by a United States District Court from committing further violations of the anti-fraud provisions of the federal securities laws, was a controlling principal of MBC;

e. That another individual, who had been previously enjoined by a United States District Court from committing further violations of the anti-fraud provisions of the federal securities laws, was a principal of MBC;

f. That to compensate for inadequate premium reserves, **PETER LOMBARDI**, his accomplices, and others pooled monies in various premium escrow accounts, and used premium monies obtained from recently sold viatical and life settlements to pay

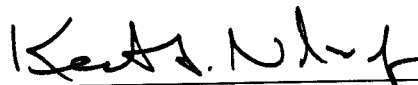
premium obligations on older policies that failed to mature within the represented life expectancy or were otherwise deficient; and

g. That MBC's principals were misappropriating investor funds for their own personal use and benefit.

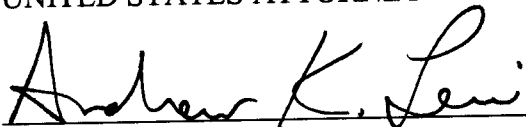
SECURITIES TRANSACTION

11. On or about February 17, 2004, **PETER LOMBARDI** and his accomplices sold an investment interest in an MBC life and/or viatical settlement for \$10,000 to L.L., an investor located in Sunnyvale, California, in furtherance of the above-described scheme and artifice to defraud.


All in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a); Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.



R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY



ANDREW K. LEVI
ASSISTANT UNITED STATES ATTORNEY



RYAN DWIGHT O'QUINN
SPECIAL ASSISTANT UNITED STATES ATTORNEY

UNITED STATES OF AMERICA

CASE NO. _____

vs.

CERTIFICATE OF TRIAL ATTORNEY*

PETER LOMBARDI

Defendant. _____

Superseding Case Information:

Court Division: (Select One)

X Miami _____ Key West
_____ FTL _____ WPB _____

New Defendant(s) _____
Number of New Defendants _____
Total number of counts _____

Yes _____ No _____

I do hereby certify that:

1. I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
2. I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.

3. Interpreter: (Yes or No) No
List language and/or dialect _____

4. This case will take 0 days for the parties to try.

5. Please check appropriate category and type of offense listed below:
(Check only one) (Check only one)

I	0 to 5 days	<u>X</u>	Petty	_____
II	6 to 10 days	_____	Minor	_____
III	11 to 20 days	_____	Misdem.	_____
IV	21 to 60 days	_____	Felony	<u>X</u>
V	61 days and over	_____		

6. Has this case been previously filed in this District Court? (Yes or No) No

If yes: Judge: _____ Case No. _____

(Attach copy of dispositive order)
Has a complaint been filed in this matter? (Yes or No) No

If yes: Magistrate Case No. _____
Related Miscellaneous numbers: _____
Defendant(s) in federal custody as of _____
Defendant(s) in state custody as of _____
Rule 20 from the _____ District of _____

Is this a potential death penalty case? (Yes or No) No

7. Does this case originate from a matter pending in the U.S. Attorney's Office prior to April 1, 2003? _____ Yes X No

8. Does this case originate from a matter pending in the U. S. Attorney's Office prior to April 1, 1999? _____ Yes X No
If yes, was it pending in the Central Region? _____ Yes X No

9. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to October 14, 2003? _____ Yes X No

10. Does this case originate from a matter pending in the Narcotics Section (Miami) prior to May 18, 2003? _____ Yes X No



ANDREW K. LEVI
ASSISTANT UNITED STATES ATTORNEY
Court ID No. A5500806

*Penalty Sheet(s) attached